

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)	
THE DELAWARE ELECTRIC COOPERATIVE,)	
INC., FOR APPROVAL FOR THE BORROWING)	
FROM THE RURAL UTILITY SERVICE OF THE)	
UNITED STATES OF AMERICA AND FROM THE)	PSC DOCKET NO. 04-434
NATIONAL RURAL UTILITIES COOPERATIVE)	
FINANCE CORPORATION THE TOTAL)	
AGGREGATE SUM OF \$18,000,000)	
(FILED NOVEMBER 17, 2004))	

ORDER NO. 6529

AND NOW, this 7th day of December, 2004, the Delaware Electric Cooperative, Inc. ("DEC" or "the Cooperative"), having, on November 17, 2004, applied to the Commission for authorization to enter into a loan transaction to borrow up to \$5,400,000 from the National Rural Utility Cooperative Finance Corporation ("CFC") in accordance with the provisions of a "CFC Loan Agreement" dated November 1, 2004 and \$12,600,000 from the Rural Utility Service of the United States Department of Agriculture ("RUS") in accordance with the provisions of an "RUS Loan Contract" dated November 1, 2004;

AND WHEREAS, under the terms of the "CFC Loan Agreement" and "RUS Loan Contract" evidencing such loans, DEC will be able to, from time to time, request advances of loan funds from the RUS and CFC, with each such advance having its own interest rate and maturity date, but with all advances to mature within 35 years;

AND WHEREAS, DEC represents that the proceeds of such advances will be used for capital construction as detailed in Staff's memorandum dated November 29, 2004;

AND WHEREAS, the Commission having examined the application and supporting information filed by the Cooperative and having also considered, at its meeting on December 7, 2004, the memorandum filed by the Commission Staff recommending approval of the DEC's financing request;

AND WHEREAS, the Commission having made such investigation into the application as it deems necessary and having concluded that the funds to be borrowed are to be used for capital construction purposes;

AND WHEREAS, the Commission having determined that the present application seeking approval of:

- (a) the execution and delivery of the "CFC Loan Agreement";
- (b) the execution and delivery of the "RUS Loan Contract;"
- (c) the execution and delivery of the "Mortgage Note" to the RUS in the maximum amount of \$12,600,000, with interest, and repayable in accordance with the terms set forth therein;
- (d) the execution and delivery of the CFC "Secured Promissory note" in the maximum amount of \$5,400,000; and
- (e) the execution and delivery of the "Restated Mortgage and Security Agreement dated as of November 1, 2004,"

are all in accordance with law, for a proper purpose, and consistent with the public interest;

AND WHEREAS, the Commission being limited in its authority with respect to utility applications pursuant to 26 Del. C. § 215 (see Diamond State Tel. Co. v. Public Serv. Comm'n., 367 A.2d 644 (Del. 1976)), to the extent that the future rate impact of the proposed financing is not an appropriate consideration in making a determination concerning the present application; now, therefore,

IT IS ORDERED:

1. That the loan transactions described in the application of the Delaware Electric Cooperative, Inc., filed with the Commission in the above matter on November 17, 2004, are hereby found to be for a proper purpose, in accordance with the law, and consistent with the public interest and are therefore approved. The Delaware Electric Cooperative, Inc., is authorized to incur up to \$18,000,000 of indebtedness as set forth in that application.

2. That the action by the Commission concerning this application and loans is not to be construed as approving the ratemaking treatment to be given to any aspect of these loan transactions and that the Commission is not, in any way, waiving the obligation of the utility to meet its burden in any rate proceeding establishing that the transaction is in the public interest as opposed to merely consistent therewith.

3. That nothing in this Order shall be construed as any guarantee, warranty, or representation by the State of Delaware or by any agency, commission, or department thereof with respect to the financing undertaken or securities issued as a result of, or pursuant to, the above application.

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joshua M. Twilley
Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

Commissioner

ATTEST:

/s/ Norma J. Sherwood
Acting Secretary